



First Union Rail Corporation
NC5811
Commercial Leasing Group
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018
Tel 847 318-7575
847 318-7588

VIA UPS 2nd DAY AIR

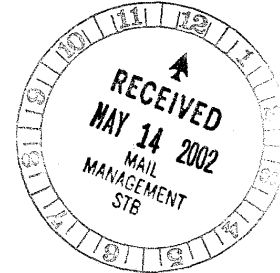
May 10, 2002

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

RECORDATION NO. 22009-B FILED

MAY 15 '02 10-58 AM

SURFACE TRANSPORTATION BOARD



Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Notice of Termination of Lease, dated May 6, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Memorandum of Assignment of Lease Finance Agreement and Memorandum of Lease which was duly filed with the Surface Transportation Board under Recordation number 22009.

The names and addresses of the parties to the enclosed document are:

Lessor:	First Union Commercial Corporation	Lessee:	Stockton Terminal & Eastern Railroad
	301 South College Street, 18 th Floor		1330 N. Broadway
	Charlotte, NC 28288		Stockton, CA 95200

A description of the railroad equipment covered by the enclosed document is one (1) EMD Locomotive Type SW 1200 #9319 (ex Conrail #9319).


A short summary of the document to appear in the index follows:

Notice of Termination of Lease between First Union Commercial Corporation, Lessor and Stockton Terminal & Eastern Railroad, Lessee, covering one (1) EMD Locomotive Type SW 1200 #9319.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. **Kindly return one (1) stamped original of the enclosed document to the undersigned to me at First Union Rail Corporation, 6250 River Road, Suite 5000, Rosemont, IL 60018, along with the additional copies.**

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5355. Thank you for your cooperation in this matter.

Very truly yours,


Susan Grokulska
Manager - Documents Administration

Enclosures

(STE005)

NOTICE OF TERMINATION OF LEASE

THIS NOTICE OF TERMINATION OF LEASE is made as of this 6th day of May, 2002 by FIRST UNION COMMERCIAL CORPORATION whose mailing address is 301 College St., 18th Floor, Charlotte, NC 28288.

WITNESSETH:

First Union Commercial Corporation hereby acknowledges and confirms the following:

1. One (1) EMD Type SW 1200 Locomotive No. 9319 is subject to that certain Lease Finance Agreement dated as of February 1, 1999, (as assigned to and as amended, modified, extended, supplemented, restated and/or replaced from time to time, the "Lease Agreement"), between First Union Commercial Corporation, as Lessor, and Stockton Terminal & Eastern Railroad, as Lessee, recorded with the Surface Transportation Board under Recordation No. 22009; and
2. Locomotive No. 9319 was purchased by the Lessee, and ownership has been transferred to Lessee pursuant to a Bill of Sale dated March 9, 2002; and
3. Notice is hereby given that the Lease Finance Agreement has been terminated solely with respect to Locomotive No. 9319.

IN WITNESS WHEREOF, the party hereto has caused this NOTICE OF TERMINATION OF LEASE to be duly executed by their duly authorized representative as of this 6th day of May, 2002.

LESSOR:

FIRST UNION COMMERCIAL CORPORATION

By: [Signature]
Name: LINDA BAXTER
Title: VICE PRESIDENT

STATE OF NORTH CAROLINA

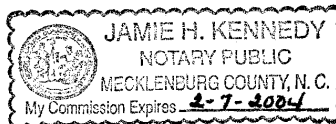
COUNTY OF Mecklenburg

On this 6th day of May, 2002, in Mecklenburg County, North Carolina, before me personally appeared Linda Baxter, to me personally known, who being by me duly sworn, says that [s]he is the Vice President of FIRST UNION COMMERCIAL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and [s]he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

My Commission Expires:

February 7, 2004
(Notary Public)



(STE005)

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